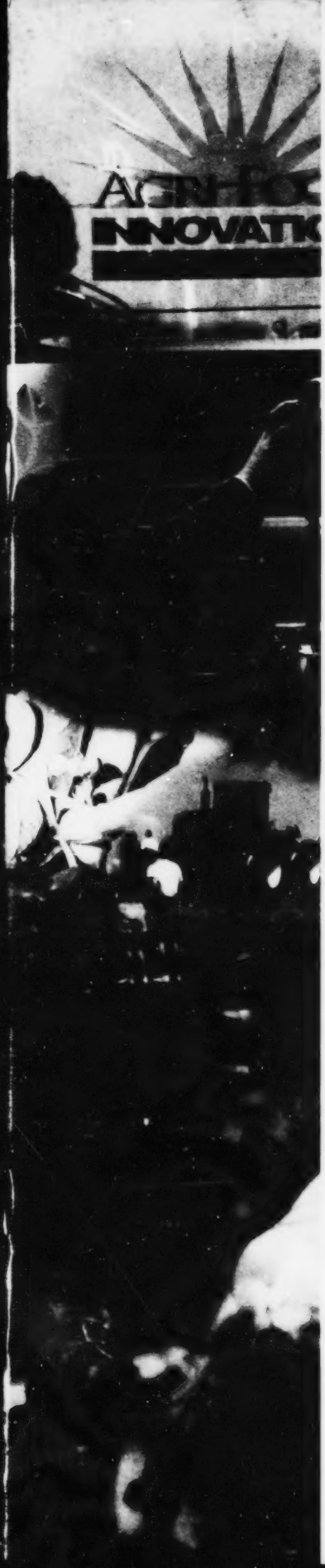


AGRI-FOOD
INNOVATION
FUND

Canada

Saskatchewan

101-00883/

Letter of Transmittal

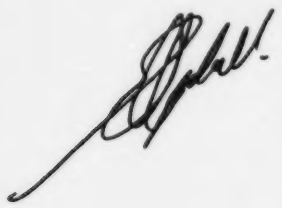
To His Honour
The Honourable Jack Wiebe
Lieutenant Governor
Province of Saskatchewan

August 31, 1999

Sir:

I have the honour to submit herewith the Annual Report of the Agri-Food Innovation Fund for the 12 months ending March 31, 1999.

I have the honour to be, Sir, your obedient servant.



Eric Upshall,
Minister
Saskatchewan Agriculture and Food

Letter of Transmittal

Honourable Lyle Vanclief
Minister of Agriculture and Agri-Food Canada
Sir John Carling Building
930 Carling Avenue
Ottawa, Ontario
K1A 0C5

Honourable Eric Upshall
Minister of Saskatchewan Agriculture and Food
Room 340,
Legislative Building
Regina, Saskatchewan
S4S 0B3

Dear Sirs:

We are pleased to present herewith the Annual Report of the Agri-Food Innovation Fund for the 12 months ending March 31, 1999.

Respectfully submitted:

Bernie Sonntag,
Federal Co-Chair,
Board of Directors,
Agri-Food Innovation Fund

Susie Miller,
Provincial Co-Chair,
Board of Directors,
Agri-Food Innovation Fund

Minister's Message

The $91-million Canada-Saskatchewan Agri-Food Innovation Fund (AFIF) is now in its fourth year of operation. Through the program, the co-operative efforts of government and industry are being focused on building a strong foundation for long-term innovation and adaptation in the province's agri-food industry.

The Board of Directors of AFIF and the many people involved in the various projects have reason to be proud of what they have accomplished and in knowing there will be a great many support legacies left behind when the program has run its course.

For example, the new crops and value-added products developed will help capture emerging market opportunities, generate new jobs and wealth for rural people and provide farmers with better tools to use in their decision making.

AFIF has also supported the development of new industries based on specialized livestock production, along with new research activities and new technology, to help spur growth in the livestock sector. Funding has been provided through the program for key research infrastructure facilities at the University of Saskatchewan, Agriculture and Agri-Food Canada's Saskatoon Research Centre, the Western College of Veterinary Medicine, Saskatchewan Research Council and others. These works will help expand our capacity to support the agri-food sector and to prepare young people in the industry.

More importantly, the various initiatives AFIF has helped fund are providing the agri-food sector with a focus and direction it did not have before.

While many challenges still remain in the agriculture sector, if we continue to develop our expertise and work together, the agri-food industry will continue to adapt and grow.

Saskatchewan's 300 food processing companies employ 6,500 people, generating an annual payroll of $180 million and producing $1.9 billion in sales.

Honourable Lyle Vanclief
Minister
Agriculture and Agri-Food Canada

Minister's Message

Promise. Saskatchewan has it and AFIF is helping to prove it.

The proof is in the results.

The Canada-Saskatchewan Agri-Food Innovation Fund (AFIF), introduced only four years ago, was designed to enhance the diversification of Saskatchewan's agriculture and food industry. It now is demonstrating tangible results. These successes have created opportunity and economic activity and will continue to do so in the future.

Saskatchewan residents can be pleased and very proud of the results of our investments in research and development projects.

The $91-million designated for the Fund has been fully invested in the provincial economy, in almost 200 projects associated with food processing, horticulture, information technology, biotechnology, non-food processing of agricultural products, specialty crops, specialized livestock and sustainable agriculture.

As well, AFIF has assisted with the construction of new agriculture and food facilities throughout the province - a legacy that will help Saskatchewan's agriculture and food industry lead the world in agriculture.

AFIF recognized promise in Saskatchewan's changing agriculture and food industry. By working in co-operation with that industry and by supporting new ideas and innovation, AFIF and Saskatchewan will meet the challenge of change and achieve the promise of the future.

AFIF has completely allocated its $91 million pool into more than 200 projects in the province.

Eric Upshall
Minister
Saskatchewan Agriculture and Food

Board of Directors Report

To Members of the Legislative Assembly of Saskatchewan

The Board of Directors of the Agri-Food Innovation Fund of Saskatchewan is responsible for the integrity of the accompanying financial statements and all other information in this 1998-1999 Annual Report. It is the responsibility of management to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in Canada.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are appropriately recorded in order to permit preparation of financial statements; and, assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinions on the financial statements appears on the following pages.

B H Sonntag

Dr. Bernie Sonntag,
Federal Co-Chair,
Board of Directors,
Agri-Food Innovation Fund

Susie Miller

Susie Miller,
Provincial Co-Chair,
Board of Directors,
Agri-Food Innovation Fund

Board of Directors

Dr. Bernie Sonntag Co-Chair (Federal)
Director-General, Prairie Farm Rehabilitation Administration, Regina

Ms. Susie Miller Co-Chair (Provincial)
Assistant Deputy Minister, Saskatchewan Agriculture and Food, Regina

Dr. Betty Althouse	*Muenster*
Mr. Leroy Berry	*Carievale*
Ms. Joan Chase	*Meota*
Mr. Bob Chappell	*Biggar*
Dr. Louise Greenberg	*Regina*
Dr. George Lee	*Saskatoon*
Mr. Doug Maley	*Saskatoon*
Dr. Gordon Rowland	*Saskatoon*
Mr. Don Russell	*Rosetown*
Mr. Don Tait	*Elrose*

Changes in Accountability after March 31, 1998:
Dr. Betty Althouse of Muenster, Sask., resigned on March 5, 1999.
Mr. Bob Chappell of Biggar, Sask., resigned on January 11, 1999.

Changes in Accountability after March 31, 1999:
Mr. Leroy Berry of Carievale, Sask., resigned on June 23, 1999.

Agri-Food Innovation Fund Secretariat

Mr. Bob Kohlert, Co-Secretary to the Board of Directors (Federal)
Director, Saskatchewan Affairs,
Prairie Farm Rehabilitation Administration (PFRA),
Agriculture and Agri-Food Canada, Regina

Mr. Martin Wrubleski, Co-Secretary to the Board of Directors (Provincial)
Director, Agriculture Research Branch,
Saskatchewan Agriculture and Food, Regina

Mr. John Babcock, Program Leader (Provincial)

Changes in Accountability after March 31, 1998:
Mr. Larry Lenton was named Federal Program Leader filling the vacancy created by the resignation of Deanne Belisle in September, 1998.

Staff management services are provided through the Agriculture Research Branch of Saskatchewan Agriculture and Food.

Activities

There was a clear shift in activities of the Canada-Saskatchewan Agri-Food Innovation Fund (AFIF) during the 12-month period ending March 31, 1999.

Many projects evolved during the year from planning stages to producing results.

Saskatchewan is home to 40 per cent of Canada's agricultural biotechnology industry.

In fact, the period will be remembered as the year that AFIF projects began to have a positive impact on the Saskatchewan economy. AFIF supported more than 200 projects in the targeted agriculture sectors:

Biotechnology
Food Processing
Horticulture
Information Technology
Non-Food Processing
Specialty Crops
Specialized Livestock
Sustainable Agriculture

During the year, diversified farming practices were identified as an area of support. As a result, the federal-provincial initiative was fully invested in projects across the province as the fiscal year drew to a close. The $91-million Agri-Food Innovation Fund receives two-thirds of its funds from the federal government and one-third from the province.

AFIF was created to promote and support emerging primary production and value-added processing activities in Saskatchewan.

Major initiatives this year included: launching the Saskatchewan Nutraceutical Network; opening the Saskatchewan Research Council's fermentation pilot plant; providing counseling assistance through the Prairie Feed Resource Centre; creating a Western Beef Development Centre; improving facilities at Regina Exhibition Park to handle specialized livestock at Canadian Western Agribition and establishing a special vegetable and storage handling facility in Outlook.

Saskatchewan Nutraceutical Network

The Saskatchewan Nutraceutical Network (SNN) was launched on October 20, 1998, with $1 million from AFIF.

The not-for-profit organization was created to link the nutraceutical, functional food and plant-derived cosmetic

industries in the province. The AFIF money will be used by the SNN to help market and promote Saskatchewan-made nutraceutical, functional food and dermaceutical products, develop a public awareness campaign and maintain an office for four years.

The formation of the SNN is especially timely because a dynamic market exists for functional foods and nutraceutical products. Current world consumption of nutraceuticals and functional foods is estimated to be $15 billion to $20 billion annually and according to projections, this figure will grow to $500 billion by 2010. Membership in the SNN is open to any individual, group or business involved in the production, processing, marketing, scientific research or other activities related to nutraceuticals, functional foods or dermaceuticals.

About 25 Saskatchewan companies are currently involved in this industry with annual sales topping $40 million.

***A nutraceutical** is a product made from a plant or animal to provide a physical benefit to the consumer. For example, flaxseed oil produced in Saskatchewan is sold internationally as a source of healthy fatty acids to reduce blood cholesterol.*

***A functional food** is similar in appearance to conventional food but is eaten as part of a regular diet. Ground flaxseed or flaxseed meal incorporated into a food product is an example of a functional food.*

***Dermaceuticals** are plant or animal extracts used in skin care. These products protect skin from water loss and reduce redness. For example, willow herb, known as fireweed, now is a key ingredient in ointments used to soothe a baby's rash or a burn.*

Food processing is the fastest growing sector of the province's agriculture industry.

Fermentation Pilot Plant

The Canadian biotechnology industry got a helping hand on March 12, 1999, with the opening of the Saskatchewan Research Council's (SRC) new fermentation pilot plant at Innovation Place in Saskatoon.

The 400-square-metre plant, constructed with the assistance of a $3.4 million grant from the AFIF, will support the growth of the biotechnology industry by helping firms bring their products to the commercialization stage more quickly. About 30 per cent of Canada's biotechnology firms are located in Saskatoon.

All residents of Saskatchewan will ultimately benefit, as the development of new biological products for agricultural use will result in higher yields and improved crop quality.

The market for agricultural biotechnology products developed in Saskatchewan knows no boundaries, with the potential for sales totaling hundreds of millions of dollars.

The SRC fermentation plant has a staff of three scientists and five technologists and will grow with demand.

A key assumption for the project is that industry, especially new or small companies, cannot afford to hire their own chemical engineers, biochemists, microbiologists and bioprocess engineers. Contracting with the SRC fermentation plant will fill those gaps in personnel.

Prairie Feed Resource Centre

Expert advice during the year from Prairie Feed Resource Centre has helped big things happen for a small Saskatchewan company.

The company, West Central Pelleting Ltd., has generated $3.75 million of growth in the Wilkie area through its newly refined method of processing grain screenings into livestock pellets. Screenings are small or cracked seeds and pieces of stem removed from harvested grain during cleaning.

The Wilkie project is just one example of how the Prairie Feed Resource Centre is helping the feed industry to diversify and expand.

Established earlier in 1998 with $600,000 from AFIF, the Centre is a partnership of feed and livestock producers, feed ingredient manufacturers, the Government of Canada, Prairie provincial governments and the University of Saskatchewan.

In collaboration with universities and the private sector, the Centre is helping new and innovative projects come to fruition in Saskatchewan.

Cattle munch on feed pellets produced from grain screenings, a product that was researched and developed by the Prairie Feed Resource Centre.

Making feed pellets from grain screenings is an excellent way to help rural communities grow.

The pelleting plant in Wilkie has provided a variety of economic advantages for the area. Farmers are able to separate and sell their screenings locally rather than incur extra costs to send them as part of a regular grain shipment; jobs have been created. In addition, about 15,000 calves are being fed with the value-added pellets.

Margaret Skinner, President of West Central Pelleting Ltd., said the concept of using grain screenings for feed has been successfully applied at their Wilkie plant.

"Without the support and expertise of the Prairie Feed Resource Centre, we would not have been able to open", she said. "Our grain screen pelleting plant stands as a testimonial to the tremendous contribution the PFRC made to our region."

Western Beef Development Centre

The Western Beef Development Centre has opened its new research farm near Lanigan.

AFIF provided $248,000 to improve pens, water sites and scales at the site, and an additional $900,000 to support grassland research and demonstration projects on the farm.

Neil Jahnke, a producer from Gouldtown, is chairman of the Beef Development Centre Board of Directors.

"This will put money into the back pockets of industry. I see very good things coming from the Centre," Jahnke said. "It will lead the way in research and technology transfer. The AFIF money makes all the difference in the world to us."

The Centre is an incorporated not-for-profit organization with an independent Board of Directors. The site is the former Termuende farm operated by the University of Saskatchewan's College of Agriculture and can graze up to 250 head of cattle.

Canadian Western Agribition

Canadian Western Agribition received $1.7 million in 1998 from AFIF to help improve facilities for handling specialized livestock at Regina Exhibition Park.

The funds will be used to refurbish Exhibition Stadium to its original use as a feature livestock show facility and to provide enclosed links between four key existing barns.

Canadian Western Agribition has been instrumental in the successful exportation of Canadian livestock and livestock genetics for more than 25 years. AFIF support will help Agribition remain a key international forum where specialized livestock producers and marketers can meet and sell their products.

Sales of specialized livestock at Agribition are continuing to increase.

Last year, for example, 50 elk were sold for $377,000, up from just $196,000 in 1995. The sale of 138 bison hit a record $1.09 million up from $137,950 generated in 1993. These strong Agribition sale numbers show that specialized livestock has become an important and growing segment of the Saskatchewan economy.

Canadian Western Agribition received $1.7 million to help improve facilities for handling specialized livestock at the Regina Exhibition Park.

Wayne Gamble, Executive Vice-President of Agribition, said the AFIF support is needed.

"This development will create an agricultural showplace second to none in Western Canada and make us competitive with facilities in cities such as Denver," Gamble said. "The Canadian Bison Association is trying to firmly establish its national show at Agribition as the world's premier bison show. The AFIF money will help us improve facilities to reach that goal."

Vegetable Storage and Handling Facility

Two AFIF-supported projects at the Saskatchewan Irrigation Diversification Centre (SIDC) in Outlook will have a major impact on the province's horticultural sector.

The Fund contributed $450,000 for a potato and vegetable storage and handling facility and another $30,000 to have a greenhouse complex retrofitted.

Money from AFIF will allow more intensive and practical research, particularly in potatoes and vegetables, to be conducted at SIDC. This research will be of particular use to farmers already in vegetable production as well as those considering a shift to vegetable production from other crops.

The Outlook project is being conducted in collaboration with the Saskatchewan Vegetable Growers' Association, Saskatchewan Seed Potato Growers' Association and the Saskatchewan Herb and Spice Association. These producer groups spearheaded the drive for more horticultural research and demonstration including improved Research & Development infrastructure facilities.

Only about seven per cent of Saskatchewan's in-season vegetable requirements are grown in this province. The rest of Saskatchewan's in-season vegetables are imported from other provinces or other countries.

There is obviously potential for more vegetable production in the province. Saskatchewan's seed potato industry has expanded from fewer than 10 seed producers on 450 acres in 1992 to over 30 producers with more than 5,000 acres in 1997. Industry officials expect total acreage of seed potatoes to double in the next five years.

Agri-Food Innovation Fund

Financial Statements

For the Year Ended March 31, 1999

SASKATCHEWAN

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

Phone: (306) 787-6398
Fax: (306) 787-6383
Internet e-mail: info@auditor.sk.ca

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Agri-Food Innovation Fund as at March 31, 1999 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Fund received transfers from the General Revenue Fund under a shared-cost agreement with the federal government. The Fund recorded these transfers as revenue in the year they were received. However, transfers under shared-cost agreements should be recorded as revenue when the related eligible expenditures are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded these transfers, deferred revenue would increase and net assets at the end of the year would decrease by $8,380,000 (1998 – $8,380,000). Also, for 1998, revenue would increase and net expenditure would decrease by $18,620,000 and net assets at the beginning of the year would decrease by $27,000,000.

In my opinion, except for the effects of the failure to properly record the transfers as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 3, 1999

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

AGRI-FOOD INNOVATION FUND
BALANCE SHEET
As at March 31

ASSETS	1999	1998 (Restated)
Current assets		
Due from General Revenue Fund (Notes 3 & 4)	$21,981,836	$19,983,729
Receivable from General Revenue Fund - Saskatchewan Agriculture and Food (Note 3)	---	1,000,000
Interest receivable (Notes 3 & 4)	301,405	231,649
Accounts receivable	5,648	516,246
Prepaid expenditure	4,181,417	2,637,638
	$26,470,306	$24,369,262

LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$1,625,406	$1,436,553
Deferred revenue	12,639,055	11,322,177
Total liabilities	14,264,461	12,758,730
Net assets (Statement 2)	12,205,845	11,610,532
	$26,470,306	$24,369,262

(See accompanying notes to the financial statements)

Statement 2

AGRI-FOOD INNOVATION FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
Year Ended March 31

	1999	1998 (Restated)
Revenue		
General Revenue Fund - Saskatchewan Agriculture and Food (Note 3)	$ ---	$1,000,000
Interest revenue (Note 4)	595,313	856,773
Government of Canada (Note 6)	19,135,881	8,628,613
Miscellaneous	21,728	---
Total revenue	19,752,922	10,485,386
Expenditure		
Board expenses	23,997	43,462
Office supplies	23,539	16,368
Contractual services - Strategic Projects	18,859,798	27,994,701
Communication activities	250,275	194,082
Total expenditure (Schedule 1)	19,157,609	28,248,613
Net revenue (expenditure)	595,313	(17,763,227)
Net assets, beginning of year		
As previously reported	22,932,709	37,863,894
Prior Period Correction (Note 7)	(11,322,177)	(8,490,135)
As Restated	11,610,532	29,373,759
Net assets, end of year - to Statement 1	$12,205,845	$11,610,532

(See accompanying notes to the financial statements)

Statement 3

AGRI-FOOD INNOVATION FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

Cash provided by (used in):	1999	1998 (Restated)
OPERATING ACTIVITIES:		
Net revenue (expenditure)	$595,313	$(17,763,227)
Net change in non-cash working capital items:		
Decrease (Increase) in accounts receivable	1,440,842	(1,457,593)
(Increase) in prepaid expenditure	(1,543,779)	(2,637,458)
Increase in accounts payable	188,853	1,133,815
Increase in deferred revenue	1,316,878	2,832,042
Cash provided by (used in) operating activities	1,998,107	(17,892,421)
Due from General Revenue Fund, beginning of year	19,983,729	37,876,150
Due from General Revenue Fund, end of year - to Statement 1	$21,981,836	$19,983,729

(See accompanying notes to the financial statements)

Notes to the Financial Statements

AGRI-FOOD INNOVATION FUND
March 31, 1999

1. Authority and Definition

The Agri-Food Innovation Fund was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs. On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant:

a) Basis of Accounting

The Agri-Food Innovation Fund financial statements have been prepared on the accrual basis of accounting.

b) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenditures.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control.

c) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

3. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $595,313 (1998 - $856,773) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $21,981,836 (1998 - $19,983,729).

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture and Food may provide to the Fund any supplies and employee services required to carry out its responsibilities.

The Fund has received use of office space and administrative services from Saskatchewan Agriculture and Food without charge.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

4. Due from General Revenue Fund

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund.

The Agri-Food Innovation Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Agri-Food Innovation Fund using the Government's thirty-day borrowing rate (1999 average rate – 5.04%; 1998 average rate – 3.77%), and the Agri-Food Innovation Fund's daily balance.

5. Comparison of Planned and Actual Results for the Year Ended March 31, 1999

	1998/1999	
Expenditures:	Budget	Actual
Board expenditures	$113,000	$23,997
Office supplies	25,000	23,539
Contractual services - Strategic Projects	26,949,744	18,859,798
Communication activity	432,000	250,275
	$27,519,744	$19,157,609

The Board approved the budget for expenditures at its March 4, 1998 meeting.

6. Federal Government Funding

Agriculture and Agri-Food Canada (Canada) is committed to contribute, by March 31, 2002, up to $64 million to the Fund under the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement).

Canada contributed $20,452,759 (1998 - $11,460,655) in the year under Section 5.3 of the Agreement. Under the Agreement interest accrues on Canada's contributions until they are spent. Canada's contributions include interest of $417,087 (1998 - $196,087).

When the Agri-Food Innovation Fund Board approves a designated federal agency to carry out a project or program the funding is provided to the agency by Canada. The Board records in the Fund as revenue and expenditure an amount equal to funding provided to the agency. Included in revenue and expenditure on Statement 2 is $5,809,034 (1998 - $2,860,125) for projects funded directly by Canada.

7. Prior Period Correction

Funding from the Federal Government is externally restricted and as a result is deferred until the program itself incurs expenditures. Prior period financial statements treated Federal Government funding as revenue when it was received/receivable. The effect of this correction is that revenue decreased and net (expenditure) increased by $2,832,042, and deferred revenue increased by $11,322,177 for the year ended March 31, 1998. $8,490,135 is applicable to prior years and the net assets as at April 1, 1997 have been adjusted accordingly.

8. Commitments

At March 31, 1999, the Board had approved Strategic Projects for payment in future years.

Payable in Year	
March 31, 2000	$25,386,194
March 31, 2001	7,489,216
March 31, 2002	2,022,085
March 31, 2003	234,000
	$35,131,495

9. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Details of Expenditures

Schedule 1

AGRI-FOOD INNOVATION FUND
For the Year Ended March 31

	1999
Personal Services	
Payees under $2,500	$9,059
Travel	17,910
Strategic Projects	
Agriculture and Agri-Food Canada	161,250
AgWest Biotech	460,000
Agriculture Institute of Management in Saskatchewan	191,700
Amulet Western Heritage Products Ltd.	54,000
Canadian Western Agribition	1,403,242
Centre for Animal Parasitology	113,000
CHS Enterprises Inc.	112,400
Conservation Learning Centre	91,000
District #31 ADD Board	28,000
East Central Research Foundation	260,000
Ernst & Young Inc.	29,500
Gebhardt Consulting	90,020
Indian Head Agriculture Research Foundation	249,000
Performance Plants Inc.	71,000
Plant Biotechnology Institute	1,180,000
POS Pilot Plant Corporation	124,587
Prairie Agricultural Machinery Institute	1,132,525
Prairie Farm Rehabilitation Administration	2,514,890
Prairie Feed Resource Centre	170,000
Prairie Plant Systems Inc.	28,000
Prairie Swine Centre	30,000
Receiver General for Canada	79,958
Rural Municipality of Craik No. 222	30,000
Sask Pork	41,000
Sask Soil Conservation Association	95,000
Saskatchewan Agriculture and Food	58,372
Saskatchewan AgInfonet Inc.	423,000
Saskatchewan Alfalfa Seed Producers Association	51,000
Saskatchewan Elk Breeders Association Inc.	27,000
Saskatchewan Food Industry Development Centre	600,000
Saskatchewan Institute of Applied Science and Technology	100,000
Saskatchewan Nursery Trades Association	34,000
Saskatchewan Nutraceutical Network	300,000
Saskatchewan Property Management Corporation	230,000
Saskatchewan Research Council	1,140,200
Saskatchewan Seed Potato Growers Association	103,229
Saskatchewan Stock Growers Association	333,000

Strategic Projects Continued	
Saskatoon Research Centre	3,649,140
Simon Fraser University	93,000
Southeast Prairie Rural Development Co-operative Ltd.	275,000
University of Saskatchewan	2,516,200
Veterinary Infectious Disease Organization	300,000
Western Beef Development Centre Inc.	533,000
Wheatland Conservation Area Inc.	207,000
Other Payees under $25,000	379,407
Net accrual adjustments	(1,232,822)
Total Strategic Projects	18,859,798

Supplier Payments	
Joe Ralko Marketing & Communication Inc.	47,428
Palmer Jarvis Communications	58,727
Printwest Communications	68,033
Payees under $25,000	110,820
Net accrual adjustments	(14,166)
Total Supplier Payments	270,842
Total	$19,157,609